Do you have your ducks in a row?

There is some debate about the origin of this phrase, but most authorities agree that “to have your ducks in a row” is to have all your preparations done, to be ready to move forward. The phrase comes from the image of a mother duck lining up her ducklings, and its meaning is not disputed. BBT has made this a theme for its exhibit booth at the 2018 Church of the Brethren Annual Conference in Cincinnati, and is using it to remind you that BBT’s services and products help you to be prepared — to get your ducks in a row.

Are you prepared for retirement? With Brethren Pension Plan you can choose to invest your pension money in one of 28 different funds, including one of five Target Date Funds, which determines the investments and risk for you. When you retire, you can receive a lifetime annuity, with a monthly payment for life. Or you can choose when and how often you want your payments through the Periodic Payment Plan option. The Plan offers excellent retirement readiness resources.

What would you do if you had a serious accident? How would your family live if the unthinkable happened and you died? How would you replace your income if you were disabled by injury or illness? How would you cover nursing care if your disability were permanent? Accident insurance, life insurance, short- and long-term disability insurance, and long-term care insurance are the answers respectively. Brethren Insurance Services can provide you with these policies as well as vision, dental, and even pet insurance. And when you reach retirement, BIS can provide a Medicare Supplement policy at a competitive rate.

Do you belong to a congregation that puts aside reserve funds? Are you active in a district, camp, or retirement center that has investments or an endowment? Brethren Foundation Funds can invest this money, while assuring you it is invested in ways that support Brethren values. Do you have a deferred gift you want to make to an organization you support? Brethren Foundation can manage these funds for you.

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Board hears reports that emphasize positive growth and value

Gathering for a 3-day period in late April, the Brethren Benefit Trust Board conducted routine business and also heard reports from several of BBT’s consultants.

The biggest portion of the meeting was devoted to a report from Todd Timmerman, managing director at Retirement Plan Analytics. With BBT working to strengthen and expand Brethren Pension Plan in the near future, Timmerman was hired to analyze five areas — plan design and operations, costs and fees, legal protections, requests for proposals from potential new record keepers, and program interpretation to articulate BPP’s value proposition. Timmerman walked the board and staff through a presentation on his research, and what specific value BBT offers compared with the more than 150 other retirement plans he works with. The results

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April Board Meeting

Todd Timmerman, of Retirement Plan Analytics, presents results of his analysis of BBT’s unique attributes to the Board.

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Benefit News is published by Brethren Benefit Trust, an agency of the Church of the Brethren that provides health and welfare benefits, pension and employee financial services, asset management, deferred gifts, and financial advocacy for the entire denomination and its affiliated organizations.

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Are you doing enough? Retirement the way you want

What lifestyle do you expect to have in retirement? And are you even able to consider that question, in terms of whether the question is relevant to your life right now? For some, retirement seems an irrelevant topic to consider — it is years away; so much can happen before that time comes, and it is daunting to plan for something that is so ambiguous.

But no matter what your age, no matter what your income, no matter what your financial situation, you should be addressing your retirement savings plan today. In this first part of a two-part theme of retirement readiness, I will tell you four reasons why you should be concerned about your future retirement from the first day of your first full-time job. In the next edition of Benefit News, I will discuss how BBT is proactively helping you know what questions you should be asking throughout your entire career.

Back to the focus of this article — why your future retirement should be of concern to you right now.

First, because the future of receiving a Social Security benefit at the current payout schedule beyond year 2037 is uncertain, each of us needs to plan to have additional financial resources available to us in our retirement. According to the Social Security Administration, that fund is only projected to be able to pay regular benefits through 2037, at which time it will have run out of funds and will only be able to pay 75 percent of its obligations thereafter, paying as it goes by using new contributions from the workforce at that time to pay the retirement obligations of the retired workforce. Because it does not seem likely that Congress will pull together to fix entitlement spending so that benefits won’t have to be reduced, I believe a reduction in benefits for those collecting Social Security beyond 2037 seems inevitable and should at least be on everyone’s radar when planning for retirement.

Second, a person should start saving early in their career so that by the time they have worked two decades they can benefit from the mathematics of compounding. Let’s use this example from Investopedia.com —

Consider two individuals; we’ll name them Pam and Sam. Pam and Sam are the same age. When Pam was 25 she invested $15,000 at an interest rate of 5.5%. For simplicity, let’s assume the interest was compounded annually. By the time Pam reaches 50, she will have $57,200.89 in her bank account. Pam’s friend, Sam, did not start investing until he reached age 35. At that time, he invested $15,000 at the same interest rate of 5.5% compounded annually. By the time Sam reaches age 50, he will have $33,487.15 in his bank account.

What happened? Both Pam and Sam are 50 years old, but Pam has $23,713.74 more in her savings account than Sam, even though he invested the same amount of money. By giving her investment more time to grow, Pam earned a total of $42,200.89 in interest and Sam earned only $18,487.15.

Keep in mind that if you are in a retirement plan, you’re not just making a one-time contribution, but contributing new money each year, and keeping the earnings on your investments in the Plan so that those earnings can also compound over time. The longer you are in a plan, the more you’ll benefit from compounding. And that is why one should start saving at a young age.

A third reason to assess your long-term financial needs at an early age is to make sure you factor in other major concerns. For example, if you and your spouse are going to work for 40 years and have children, what impact could there be on your family if you do not purchase appropriate insurance coverage along the way? The generally accepted industry number for people who have young dependents (children) is 10 times the parents’ salaries in life insurance coverage. As those dependents get older and become self-sufficient, the parents can transition from life insurance to long-term care insurance. It is strategies such as these that are needed to ensure that unplanned and uncovered medical expenses don’t financially thwart an otherwise strong plan for retirement.

Finally, addressing these issues at a younger age will force you into good financial behavior of budgeting, limiting debt, and living within one’s means. These attributes will serve people well for the rest of their lives.

Don’t have time or the finances to think about these issues? Are you sure? Remember, if you don’t know where you are going, you probably won’t get there. — N.D.
Today’s average business professionals have between 30 and 100 projects on their hands at any one time, according to an online article in Forbes. Modern workers are interrupted seven times an hour and distracted from their work up to two hours each day. Four out of 10 people at large companies will experience a major restructuring and uncertainty about their jobs. One statistic suggests that as many as 40 percent of adults lie awake at night worried about the day. This Forbes article was published in 2013; since then there has been little change. A new book, called appropriately, Dying for a Paycheck, documents the harsh and hidden toll of workplace stress.

Psychologists concede that there are positive kinds of stress that keep people on their toes and spur them to action. But studies show that stress can cause headaches, upset stomach, fatigue, high blood pressure, chest pain, and sleeplessness. In more extreme forms it can cause apathy, difficulty concentrating, depression, decreased libido, social withdrawal, increased use of alcohol and drugs, even suicide. An article in The Atlantic cites a 2015 working paper from the Harvard and Stanford Business Schools, which found that “health problems stemming from job stress, like hypertension, cardiovascular disease, and decreased mental health, can lead to fatal conditions that wind up killing about 120,000 people each year — making work-related stressors and the maladies they cause, more deadly than diabetes, Alzheimer’s, or influenza.”

Stress at work is something we have all suffered, many of us chronically. Some of us believe it’s just part of modern life. But it takes a toll and is something we should pay attention to. Advice for handling and reducing stress falls roughly into five categories:

Things you can do to distract yourself, take your mind off your stress, and relax. Take breaks and rest periods during the work day, and an occasional day off. Take all your vacation days. Take up a hobby or craft. Go to the movies. Read. Listen to music. Spend time with family and friends. Get involved in church and community. Walk and hike. Watch television. Surf the web. Watch videos on YouTube.

Things you can do to improve physical and mental health and thus your ability to handle stress. Get up from your desk, stretch, and walk around. Exercise regularly. Eat healthy foods and get proper nutrition. Stay away from alcohol and drugs. Get plenty of sleep on a regular sleep schedule.

Things you can do to change and improve your attitude. Track and analyze your stressors. Talk to a counselor and/or your friends and colleagues. Use time-management software or an “organizer.” Don’t overcommit. Keep a positive internal dialog going with yourself. Know the difference between what you can control and what you can’t. Look for humor. Note what you enjoy and do more of that. Always be early or on time. Stay in touch with your feelings. Don’t rush around. Don’t multi-task. Have compassion for yourself. Make progress, not perfection, your goal.

Things you can do to make your work more doable. Break projects into smaller tasks. Reduce interruptions by closing your door and sending your phone to voice mail. Have a set time for answering e-mails. Alternate intense concentration with lighter, more relaxed times. Have a plan and a to-do list. Avoid clutter and keep your desk and office in good order. Make sure you have comfortable office furniture. Mute or eliminate surrounding noise. Do the most important and demanding tasks early in the work day. Take pleasure in crossing things off your to-do list.

Things you can do to change your work situation and circumstances. Set clear boundaries for what you can and will do. Cultivate good relationships with your supervisor and your coworkers. Insist on a clear position description and review it regularly with your supervisor. Ask that your compensation be matched with your position. Stay out of unnecessary arguments, but don’t be afraid to speak candidly to your coworkers and supervisor. Suggest restructuring your work if you believe it will make you more effective. Set clear priorities. Delegate; you don’t have to do everything. Don’t put yourself at the mercy of anyone. Know your responsibility, authority, and power. Do not be afraid to exercise your power and authority. Don’t be intimidated by others. Know the circumstances under which you would resign and have the courage to do so if necessary. Remember that your greatest power is not what the organization gives you, but what you carry within — your basic integrity, intelligence, skill, and courage.

In the end, stress is not just a physical and psychological reality. It’s a spiritual condition. It doesn’t just wear you out and wear you down. It grips your soul. Human beings were wired up to live freely and openly. We are created to be able to face the challenges of life with hope and energy. May it be so for you and all workers. — J.L.
Start early and see astonishing results!

Start early and make saving a habit — that’s the advice often given to young people. It’s good counsel and is intended to encourage a lifelong practice of saving. But, interestingly enough, the “start early” part is more important than the regular pattern of saving.

Let’s say you start putting aside $3,000 per year at age 25. You put it into a tax-deferred account for 10 years and then you stop and never save a penny more. According to CNN Money online, when you are 65, your $30,000 (10 years times $3,000) will have grown to more than $338,000 assuming a 7 percent annual return.

Now suppose you don’t start saving until you are 35, and then you save $3,000 per year for thirty years or until you are 65. You will have saved $90,000, but it will have grown only to $303,000 at 7 percent annual rate of return.

Now let’s look at another example from a 2013 online article in Forbes. In Case 1, the saver put aside $1,000 each month for 20 years, from January 1973 to December 1992, and then stopped saving. In Case 4, the saver started 20 years later and again saved $1,000 a month for 20 years, from January 1993 to December 2012. In both cases the worker invested $240,000 ($1,000/month for 240 months) and in each case the money was invested in a 60 stock/40 bond portfolio consisting of the S&P 500 Index and the Barclays Aggregate Bond Index, rebalanced quarterly. The calculations were made using actual market returns during the 40 years.

In Case 1, the saver had $4,537,403.69 at the end of 2012, and in Case 4, the saver had only $469,430.68. Look at the chart below, which includes two other cases, to see the power of compounding.

<table>
<thead>
<tr>
<th>Time of Period</th>
<th>Years</th>
<th>Amount Invested</th>
<th>Value at end time period</th>
<th>Value on Dec 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1 Jan 1973 - Dec 1992</td>
<td>20</td>
<td>$240,000.00</td>
<td>$1,056,464.73</td>
<td>$4,537,403.69</td>
</tr>
<tr>
<td>Case 2 Jan 1973 - Dec 2002</td>
<td>30</td>
<td>$360,000.00</td>
<td>$2,615,606.11</td>
<td>$4,844,618.24</td>
</tr>
<tr>
<td>Case 3 Jan 1973 - Dec 2012</td>
<td>40</td>
<td>$480,000.00</td>
<td>$5,006,834.68</td>
<td>$5,006,834.68</td>
</tr>
<tr>
<td>Case 4 Jan 1993 - Dec 2012</td>
<td>20</td>
<td>$240,000.00</td>
<td>$469,430.98</td>
<td>$469,430.98</td>
</tr>
</tbody>
</table>

Note that even though the saver in Case 2 continued saving for 10 more years, he had only $307,216.55 more at the end of 2012, which is only 7 percent more. The saver in Case 3, who saved for the entire 40-year period, had only $496,430.99 more, or 10.3 percent more. On the other hand, the saver in Case 4, who saved during the second 20 years of the 40-year period, had $4,067,972.71 less or 90 percent less. Pay attention to this: the person in Case 1 and Case 4 saved the same amount of money, but one had more than $4 million more — because that person saved in the first 20 years of the 40-year cycle. That person saved early.

This insight is worth repeating. The significant factor in each instance was how early the saver started. When money is invested and compounded, time is what gives power to the compounding process. So, don’t just save regularly. Start as early as possible, even if you can only start with small amounts. Do it because those small amounts will grow exponentially.

This wisdom is apparently lost on millennials. A new report from the National Institute on Retirement Security concludes, “Two-thirds (66.2 percent) of working millennials have nothing saved for retirement,” and “Only 5 percent of working millennials are saving adequately for retirement.” (Authorities differ on the age span of millennials. The Atlantic defines them as people born between 1982 and 2004. This NIRS report sets the parameters at 1981 and 1991.)

Saving money is low on the priority list when a person faces bills, rent, student loans, car payments, and the planned purchase of a house. Still, as hard as it may be, putting money aside when you are in your 20s pays big dividends down the road.

The NIRS report makes this thought-provoking observation about millennials: they “are the largest, best educated, and most diverse generation in U.S. history. However, this generation is viewed as less financially savvy than previous generations when it comes to saving for retirement, budgeting, and establishing and maintaining a financial plan.”

There are further statistics that document what happens when the advice to save early is not followed. According to a 2016 GOBankingRates survey, 69 percent of adults in the U.S. have less than $1,000 in savings. Older workers nearing retirement are not prepared for it. CNBC Make It online reports via The Economic Policy Institute that the median savings for families whose wage earners are between 50 and 55 is only $8,000. For those between 56 and 61 it’s $17,000. In contrast experts say that by age 60 you should have at least seven times your annual salary saved.

Like most disciplines, saving money is difficult. This is especially true if you are young and trying to get ahead, but if you put as much away as you can as early as you can, your “retired self” many years in the future will thank you. Think about it. — J.L.
Ed Shannon joined the BBT team in June, accepting the position of Retirement Planning Consultant. Ed brings with him more than five years of experience as a Retirement Plan Specialist for Converge Retirement. With his background of working with Defined Benefit and Defined Contributions Church Plans, Ed’s knowledge of pension plans is a good match for this newly-created position at BBT. Ed, who has a BA in Human Resources Management from Judson University in Elgin, Ill., lives in Elgin with his family, and is a member of the First Baptist Church of Elgin.

Rick Villalobos, who began at BBT in January as Production Coordinator, was promoted to the position of Communications Manager on June 11. Rick exhibited an impressive work ethic and leadership style throughout his on-boarding period. This, together with his knowledge and expertise of design and software platforms, makes him a good fit as he takes on more responsibility and helps shape the future of the BBT Communications department.

On Jan. 1, BBT’s medical insurance plan offering officially switched from a fully-insured to self-insured model.

Typically, there is a period of adjustment when this kind of change takes place, and benefits staff spent many hours carefully planning to make the transition as smooth and workable as possible. Representatives from the Plexus Groupe, BBT’s consultants for medical insurance, were also in attendance at the Board meeting, to report on the transition, and to articulate how to grow the plan.

As is the custom at the April meeting, the Board adopted the 2018 Department of Defense lists for Brethren Values screening, and heard a report from president Nevin Dulabaum on the state of BBT.

When it comes to managing your church’s money or your own, care and preparation are essential.

A pension plan, insurance products, and asset management for organizations — these are the ministry arms of BBT. Almost everything Brethren Benefit Trust does is designed to help you get your affairs in order so you can move forward. That’s our job — to help you get your ducks in a row. — J.L.
BBT’s 2018 Annual Report and 2017 Financials are now available online.

If the online versions are not an option for you, please contact us to request printed copies.

Call: 800-746-1505, ext. 3376
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